

## CHAPTER 1158

### ASSESSMENT AND TAXATION OF TELEPHONE AND TELEGRAPH COMPANY PROPERTY

S.F. 2388

**AN ACT** relating to the assessment and taxation of telephone and telegraph company property for certain assessment years and including effective date and applicability provisions.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. [Section 29C.24, subsection 3](#), paragraph a, subparagraph (6), Code 2018, is amended to read as follows:

(6) The assessment of property taxes by the department of revenue under [sections 428.24 through 428.26, 428.28, and 428.29](#), or [chapters 433, 434, 435, and 437 through 438](#), or by a local assessor under another provision of law, on property brought into the state to aid in the performance of disaster or emergency-related work during a disaster response period if such property does not remain in the state after the conclusion of the disaster response period.

Sec. 2. [Section 331.401, subsection 1](#), paragraph k, Code 2018, is amended to read as follows:

k. Levy taxes as certified to it by tax-certifying bodies in the county, in accordance with the statutes authorizing the levies and in accordance with [chapter 24](#) and [sections 444.1 to 444.8](#), and levy taxes as required in [chapters 433, 434, 437, and 438](#).

Sec. 3. [Section 331.427, subsection 1](#), unnumbered paragraph 1, Code 2018, is amended to read as follows:

Except as otherwise provided by state law, county revenues from taxes and other sources for general county services shall be credited to the general fund of the county, including revenues received under [sections 9I.11, 101A.3, 101A.7, 123.36, 123.143, 142D.9, 176A.8, 321.105, 321.152, 321G.7, 321I.8, section 331.554, subsection 6, sections 341A.20, 364.3, 368.21, 423A.7, 428A.8, 433.15, 434.19, 445.57, 453A.35, 458A.21, 483A.12, 533.329, 556B.1, 583.6, 602.8108, 904.908, and 906.17](#), and the following:

Sec. 4. [Section 331.512, subsection 7](#), Code 2018, is amended by striking the subsection.

Sec. 5. [Section 331.559, subsection 17](#), Code 2018, is amended by striking the subsection.

Sec. 6. [Section 427.1, subsection 2](#), Code 2018, is amended to read as follows:

2. *Municipal and military property.* The property of a county, township, city, school corporation, levee district, drainage district, district organized under [chapter 357E](#), or the Iowa national guard, when devoted to public use and not held for pecuniary profit, except property of a municipally owned electric utility held under joint ownership and property of an electric power facility financed under [chapter 28F](#) or [476A](#) that shall be subject to taxation under [chapter 437A](#) and facilities of a municipal utility that are used for the provision of local exchange services pursuant to [chapter 476](#), but only to the extent such facilities are used to provide such services, ~~which shall be subject to taxation under [chapter 433](#), except that [section 433.11](#) shall not apply.~~ The exemption for property owned by a city or county also applies to property which is operated by a city or county as a library, art gallery or museum, conservatory, botanical garden or display, observatory or science museum, or as a location for holding athletic contests, sports or entertainment events, expositions, meetings or conventions, or leased from the city or county for any such purposes, or leased from the city or county by the Iowa national guard or by a federal agency for the benefit of the Iowa national guard when devoted for public use and not for pecuniary profit. Food and beverages may be served at the events or locations without affecting the exemptions, provided the city has approved the serving of food and beverages on the property if the property is owned by the city or the county has approved the serving of food and beverages on the property if the property is owned by the county. The exemption for property owned by a city or county

also applies to property which is located at an airport and leased to a fixed base operator providing aeronautical services to the public.

Sec. 7. [Section 427.1, subsection 40](#), paragraph a, Code 2018, is amended to read as follows:

a. The owner of broadband infrastructure shall be entitled to an exemption from taxation to the extent provided in [this subsection](#) for assessment years beginning before January 1, 2022. For the purposes of [this subsection](#), “broadband infrastructure” and “targeted service area” mean the same as defined in [section 8B.1](#).

Sec. 8. [Section 427.1, subsection 40](#), Code 2018, is amended by adding the following new paragraph:

NEW PARAGRAPH. i. [This subsection](#) is repealed July 1, 2024.

Sec. 9. [Section 427A.1, subsection 1](#), paragraphs c and d, Code 2018, are amended to read as follows:

c. Buildings, structures or improvements, any of which are constructed on or in the land, attached to the land, or placed upon a foundation whether or not attached to the foundation. However, property taxed under [chapter 435](#), and property that is a concrete batch plant as that term is defined in [subsection 4](#), and to the extent provided in [subsection 6A](#), property that is transmission property shall not be assessed and taxed as real property.

d. Buildings, structures, equipment, machinery or improvements, any of which are attached to the buildings, structures, or improvements defined in paragraph “c” of [this subsection](#). However, to the extent provided in [subsection 6A](#), property that is transmission property shall not be assessed and taxed as real property.

Sec. 10. [Section 427A.1, subsection 1](#), paragraph h, Code 2018, is amended to read as follows:

h. Property assessed by the department of revenue pursuant to [sections 428.24 to 428.29](#), or [chapters 433, 434, 437, 437A, 437B](#), and [438](#).

Sec. 11. [Section 427A.1](#), Code 2018, is amended by adding the following new subsection:

NEW SUBSECTION. 6A. a. For purposes of [this section](#), “transmission property” means cable and wire facilities, poles, aerial cable, underground cable, buried cable, intrabuilding network cable, or aerial wire within the meaning of and for purposes of the uniform system of accounts for telecommunication companies in [47 C.F.R. pt. 32](#), in effect on the effective date of this Act.<sup>1</sup> “Transmission property” also includes lines, electronic equipment, headend electronics, poles, aerial cable, cable drops, lasers, fiber optics, underground cable, and any electronics attached thereto used to provide telecommunications service, cable television signals, or internet service to subscribers. “Transmission property” does not include a tower as defined in [section 8C.2](#).

b. Transmission property that is not subject to assessment and taxation under [chapter 433](#), shall be subject to assessment and taxation as follows:

(1) For the assessment year beginning January 1, 2019, at seventy-five percent of the transmission property’s actual value.

(2) For the assessment year beginning January 1, 2020, at fifty percent of the transmission property’s actual value.

(3) For the assessment year beginning January 1, 2021, at thirty percent of the transmission property’s actual value.

(4) For the assessment year beginning January 1, 2022, and each subsequent assessment year, transmission property shall not be assessed and taxed as real property.

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<sup>1</sup> According to Act; the phrase “effective date of this section of this Act” probably intended

Sec. 12. [Section 427B.17, subsection 8](#), paragraph a, Code 2018, is amended to read as follows:

a. [This section](#) shall not apply to property assessed by the department of revenue pursuant to sections [428.24 to 428.29](#), or [chapters 433, 434, 437, 437A, 437B, and 438](#), and such property shall not receive the benefits of [this section](#).

Sec. 13. [Section 429.1](#), Code 2018, is amended to read as follows:

**429.1 Notice of assessment.**

The department of revenue shall, at the time of making the assessment of property as provided in [chapters 428, 433, 434, 437, and 438](#), inform the person assessed, by mail, of the valuation put upon the taxpayer's property. The notice shall contain a notice of the taxpayer's right of appeal to the director of revenue as provided in [section 429.2](#).

Sec. 14. [Section 433.4](#), Code 2018, is amended by adding the following new subsection:

**NEW SUBSECTION.** 3. For the assessment years beginning January 1, 2019, January 1, 2020, and January 1, 2021, following the partial exemption from taxation under [subsection 2](#), each company assessed for taxation under [this chapter](#) shall receive an additional exemption from taxation on the value of the company's property as provided in [this subsection](#).

a. For the assessment year beginning January 1, 2019, the amount of the additional exemption for each company shall be equal to twenty-five percent of the amount of the company's actual value, as determined under [subsection 1](#), remaining following application of the exemption under [subsection 2](#) for the assessment year.

b. For the assessment year beginning January 1, 2020, the amount of the additional exemption for each company shall be equal to fifty percent of the amount of the company's actual value, as determined under [subsection 1](#), remaining following application of the exemption under [subsection 2](#) for the assessment year.

c. For the assessment year beginning January 1, 2021, the amount of the additional exemption for each company shall be equal to seventy percent of the amount of the company's actual value, as determined under [subsection 1](#), remaining following application of the exemption under [subsection 2](#) for the assessment year.

Sec. 15. [Section 433.5, subsection 2](#), Code 2018, is amended to read as follows:

2. The department of revenue shall ascertain the exemption value per mile of the property of each company within this state by dividing the amount of the total exemption for that company determined under [section 433.4, subsections 2 and 3](#), by the number of miles of line of such company within the state, and the result shall be deemed and held to be the exemption value per mile of line for that company.

Sec. 16. **NEW SECTION. 433.16 Applicability — future repeal.**

1. [This chapter](#) applies to the assessment and taxation of telephone and telegraph company property for assessment years beginning before January 1, 2022.

2. [This chapter](#) is repealed on July 1, 2024.

Sec. 17. [Section 437.15](#), Code 2018, is amended to read as follows:

**437.15 Reassessment — procedure and requirements.**

[Sections 433.14, and 433.15](#), Code 2018, and sections [439.1, and 439.2](#) shall apply to the property of transmission lines which are referred to in [section 437.2](#).

Sec. 18. [Section 441.19, subsection 1](#), paragraph a, Code 2018, is amended to read as follows:

a. Supplemental and optional to the procedure for the assessment of property by the assessor as provided in [this chapter](#), the assessor may require from all persons required to list their property for taxation as provided by [sections 428.1 and 428.2](#), a supplemental return to be prescribed by the director of revenue upon which the person shall list the person's property. The supplemental return shall be in substantially the same form as now prescribed by law for the assessment rolls used in the listing of property by the assessors. However, for assessment years beginning on or after January 1, 2018, and unless otherwise required for property valued by the department of revenue pursuant to [chapters 428, 433,](#)

437, and 438, a supplemental return shall not request, and a person shall not be otherwise required to provide to the assessor for property assessment purposes, sales or receipts data, expense data, balance sheets, bank account information, or other data related to the financial condition of a business operating in whole or in part on the property if the property is both classified as commercial or industrial property and owned and used by the owner of the business. Every person required to list property for taxation shall make a complete listing of the property upon supplemental forms and return the listing to the assessor as promptly as possible. The return shall be verified over the signature of the person making the return and [section 441.25](#) applies to any person making such a return. The assessor shall make supplemental return forms available as soon as practicable after the first day of January of each year. The assessor shall make supplemental return forms available to the taxpayer by mail, or at a designated place within the taxing district.

Sec. 19. [Section 441.21, subsection 2](#), Code 2018, is amended to read as follows:

2. In the event market value of the property being assessed cannot be readily established in the foregoing manner, then the assessor may determine the value of the property using the other uniform and recognized appraisal methods including its productive and earning capacity, if any, industrial conditions, its cost, physical and functional depreciation and obsolescence and replacement cost, and all other factors which would assist in determining the fair and reasonable market value of the property but the actual value shall not be determined by use of only one such factor. The following shall not be taken into consideration: Special value or use value of the property to its present owner, and the goodwill or value of a business which uses the property as distinguished from the value of the property as property. In addition, for assessment years beginning on or after January 1, 2018, and unless otherwise required for property valued by the department of revenue pursuant to [chapters 428, 433, 437, and 438](#), the assessor shall not take into consideration and shall not request from any person sales or receipts data, expense data, balance sheets, bank account information, or other data related to the financial condition of a business operating in whole or in part on the property if the property is both classified as commercial or industrial property and owned and used by the owner of the business. However, in assessing property that is rented or leased to low-income individuals and families as authorized by section 42 of the Internal Revenue Code, as amended, and which section limits the amount that the individual or family pays for the rental or lease of units in the property, the assessor shall, unless the owner elects to withdraw the property from the assessment procedures for section 42 property, use the productive and earning capacity from the actual rents received as a method of appraisal and shall take into account the extent to which that use and limitation reduces the market value of the property. The assessor shall not consider any tax credit equity or other subsidized financing as income provided to the property in determining the assessed value. The property owner shall notify the assessor when property is withdrawn from section 42 eligibility under the Internal Revenue Code or if the owner elects to withdraw the property from the assessment procedures for section 42 property under [this subsection](#). The property shall not be subject to section 42 assessment procedures for the assessment year for which section 42 eligibility is withdrawn or an election is made. This notification must be provided to the assessor no later than March 1 of the assessment year or the owner will be subject to a penalty of five hundred dollars for that assessment year. The penalty shall be collected at the same time and in the same manner as regular property taxes. An election to withdraw from the assessment procedures for section 42 property is irrevocable. Property that is withdrawn from the assessment procedures for section 42 property shall be classified and assessed as multiresidential property unless the property otherwise fails to meet the requirements of [section 441.21, subsection 13](#). Upon adoption of uniform rules by the department of revenue or succeeding authority covering assessments and valuations of such properties, the valuation on such properties shall be determined in accordance with such rules and in accordance with forms and guidelines contained in the real property appraisal manual prepared by the department as updated from time to time for assessment purposes to assure uniformity, but such rules, forms, and guidelines shall not be inconsistent with or change the foregoing means of determining the actual, market, taxable, and assessed values.

Sec. 20. [Section 441.21, subsection 5](#), paragraph a, Code 2018, is amended to read as follows:

a. For valuations established as of January 1, 1979, property valued by the department of revenue pursuant to [chapters 428, 433, 437, and 438](#) shall be considered as one class of property and shall be assessed as a percentage of its actual value. The percentage shall be determined by the director of revenue in accordance with the provisions of [this section](#). For valuations established as of January 1, 1979, the percentage shall be the quotient of the dividend and divisor as defined in [this section](#). The dividend shall be the total actual valuation established for 1978 by the department of revenue, plus ten percent of the amount so determined. The divisor for property valued by the department of revenue pursuant to [chapters 428, 433, 437, and 438](#) shall be the valuation established for 1978, plus the amount of value added to the total actual value by the revaluation of the property by the department of revenue as of January 1, 1979. For valuations established as of January 1, 1980, property valued by the department of revenue pursuant to [chapters 428, 433, 437, and 438](#) shall be assessed at a percentage of its actual value. The percentage shall be determined by the director of revenue in accordance with the provisions of [this section](#). For valuations established as of January 1, 1980, the percentage shall be the quotient of the dividend and divisor as defined in [this section](#). The dividend shall be the total actual valuation established for 1979 by the department of revenue, plus eight percent of the amount so determined. The divisor for property valued by the department of revenue pursuant to [chapters 428, 433, 437, and 438](#) shall be the valuation established for 1979, plus the amount of value added to the total actual value by the revaluation of the property by the department of revenue as of January 1, 1980. For valuations established as of January 1, 1981, and each year thereafter, the percentage of actual value at which property valued by the department of revenue pursuant to [chapters 428, 433, 437, and 438](#) shall be assessed shall be calculated in accordance with the methods provided herein, except that any references to ten percent in [this subsection](#) shall be eight percent. For valuations established on or after January 1, 2013, property valued by the department of revenue pursuant to [chapter 434](#) shall be assessed at a percentage of its actual value equal to the percentage of actual value at which property assessed as commercial property is assessed under paragraph “b” for the same assessment year.

Sec. 21. [Section 441.21, subsections 9 and 10](#), Code 2018, are amended to read as follows:

9. Not later than November 1, 1979, and November 1 of each subsequent year, the director shall certify to the county auditor of each county the percentages of actual value at which residential property, agricultural property, commercial property, industrial property, multiresidential property, property valued by the department of revenue pursuant to [chapter 434](#), and property valued by the department of revenue pursuant to [chapters 428, 433, 437, and 438](#) in each assessing jurisdiction in the county shall be assessed for taxation. The county auditor shall proceed to determine the assessed values of agricultural property, residential property, commercial property, industrial property, multiresidential property, property valued by the department of revenue pursuant to [chapter 434](#), and property valued by the department of revenue pursuant to [chapters 428, 433, 437, and 438](#) by applying such percentages to the current actual value of such property, as reported to the county auditor by the assessor, and the assessed values so determined shall be the taxable values of such properties upon which the levy shall be made.

10. The percentage of actual value computed by the department of revenue for agricultural property, residential property, commercial property, industrial property, multiresidential property, property valued by the department of revenue pursuant to [chapter 434](#), and property valued by the department of revenue pursuant to [chapters 428, 433, 437, and 438](#) and used to determine assessed values of those classes of property does not constitute a rule as defined in [section 17A.2, subsection 11](#).

Sec. 22. [Section 441.73, subsection 1](#), Code 2018, is amended to read as follows:

1. A litigation expense fund is created in the state treasury. The litigation expense fund shall be used for the payment of litigation expenses incurred by the state to defend property valuations established by the director of revenue pursuant to [section 428.24](#) and [chapters](#)

[433](#), [434](#), [437](#), [437A](#), [437B](#), and [438](#), and for the payment of litigation expenses incurred by the state to defend the imposition of replacement taxes and statewide property taxes under [chapters 437A](#) and [437B](#).

Sec. 23. [Section 476.1D, subsection 10](#), Code 2018, is amended by striking the subsection.

Sec. 24. FUTURE ASSESSMENT YEARS. Telephone and telegraph company property subject to assessment under [chapter 433](#) for assessment years beginning before January 1, 2022, shall be, for assessment years beginning on or after January 1, 2022, assessed by local assessors under [chapters 427](#), [427A](#), [427B](#), [428](#), and [441](#), and any other applicable provision of law in the same manner and on the same basis as other commercial property located in the assessing jurisdiction where situated.

Sec. 25. SAVINGS PROVISION. Except as specifically provided, this Act, pursuant to [section 4.13](#), does not affect the operation of, or prohibit the application of, prior provisions of [chapter 433](#), or rules adopted under [chapter 17A](#) to administer prior provisions of [chapter 433](#), for assessment years beginning before January 1, 2022, and for duties, powers, protests, appeals, proceedings, actions, or remedies attributable to an assessment year beginning before January 1, 2022.

Sec. 26. IMPLEMENTATION. [Section 25B.7](#) shall not apply to this Act.

Sec. 27. EFFECTIVE DATE. The following take effect July 1, 2021:

1. The section of this Act amending [section 476.1D](#).

Sec. 28. EFFECTIVE DATE. The following take effect July 1, 2024:

1. The section of this Act amending [section 29C.24](#).
2. The section of this Act amending [section 331.401](#).
3. The section of this Act amending [section 331.427](#).
4. The section of this Act amending [section 331.512](#).
5. The section of this Act amending [section 331.559](#).
6. The section of this Act amending [section 427.1, subsection 2](#).
7. The section of this Act amending [section 427A.1, subsection 1](#), paragraph “h”.
8. The section of this Act amending [section 427B.17](#).
9. The section of this Act amending [section 429.1](#).
10. The section of this Act amending [section 437.15](#).
11. The section of this Act amending [section 441.19](#).
12. The section of this Act amending [section 441.21, subsection 2](#).
13. The section of this Act amending [section 441.21, subsection 5](#).
14. The section of this Act amending [section 441.21, subsections 9 and 10](#).
15. The section of this Act amending [section 441.73](#).

Sec. 29. APPLICABILITY. The following apply to assessment years beginning on or after January 1, 2022:

1. The section of this Act amending [section 476.1D](#).

Approved May 17, 2018